

complaint

Miss C complains that The Royal Bank of Scotland Plc (RBS) mis-sold her a regular premium payment protection insurance (PPI) policy when she took out a credit card with in 2002.

background

The policy gave Miss C cover for accident, sickness and unemployment paying out 10% of the outstanding balance on her credit card for a maximum of 12 months per claim. It would've also paid the full outstanding balance if Miss C had died.

RBS says the PPI cost 74p per £100 of the outstanding balance.

Our adjudicator didn't uphold this complaint. Miss C disagreed and the complaint has been passed to me for a decision.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about the sale of PPI on our website and I've taken this into account when looking at Miss C's complaint.

I've decided *not* to uphold Miss C's complaint and set out my reasons below.

was Miss C given a choice to take PPI?

Miss C says she completed an application from a page she tore from a magazine – and I've seen a copy of the application form that she completed and signed in September 2002, and on it there are options to purchase PPI and two levels of card protection with tick boxes next to each product.

The PPI section gives a brief description of the cover and states '*We strongly recommend you take out this cover. For cover just tick this box*'. There is a tick marked in the box and the form has been signed by Miss C. And I've looked carefully at the paperwork and I don't think there's anything on the form to suggest that the outcome of Miss C's application depended on her taking PPI. Although there's reference to RBS recommending the cover, Miss C was given the choice to either tick the box or to leave it unticked.

Furthermore, RBS has sent us some of Miss C's credit card statements which show that the PPI premium was set out separately. The fact that Miss C didn't query the policy or try to cancel it when it first appeared on her statements makes it seem less likely to me that she was surprised by it and hadn't agreed to it.

Based on the documents I've seen and what Miss C has said, I think Miss C would've seen that the policy was optional and chose to buy it.

if RBS advised Miss C to take PPI, was it a suitable recommendation?

RBS says that it didn't provide advice or a recommendation to Miss C. But I have noted that the application form has wording where RBS says "*we strongly recommend you take out this cover*"

I don't think that this sentence makes this an advised sale. Even so, in the circumstances of this case I don't feel I need to decide this point. I say this because, even if I assess RBS to the higher standard of making sure the policy was suitable for Miss C, I think it still would've been a suitable recommendation for Miss C at the time. I set out my reasons for this below.

- Miss C was eligible for the policy and doesn't seem to have been affected by any of the things the policy didn't cover, such as pre-existing medical conditions. However, it was a flexible policy and could've been cancelled at any time with 30 days' notice.
- Miss C tells us she had no other policies to help in the event she could not make the repayments so there was a potential need for cover. And although she says she had some savings – she also says these were joint savings and were allocated for a major purchase.
- Miss C has said she had some occupational sick pay from her employer if she'd been unable to work due to sickness. But the PPI policy would've covered her for a longer period than any sick pay. Also, it would've paid out *on top* of the employee benefits which could've been a real benefit for her. It also gave her unemployment cover, as well as sickness or accident, and would've repaid the balance if she'd died.
- The policy offered a reasonable level of benefit against its cost, which was comparable to other policies available at the time, and I've not seen anything to suggest that the cost was unaffordable for Miss C at the time of the sale.

was the information given to Miss C clear, fair and not misleading?

Even if RBS didn't give advice to Miss C, it still needed to give her enough information about the policy so that she could make an informed choice about whether to take it out.

RBS says Miss C received relevant information about the policy at the point of sale and afterwards. However, the application form makes no reference to the cost of the PPI either next to the tick box or elsewhere. Because of this, I accept that it's possible there were some gaps in the information provided by RBS, but, for the reasons I've set out above, I don't think Miss C would've been put off by any such gaps and would still have thought the policy gave her a useful benefit at reasonable cost.

summary

I think Miss C was aware of the optional nature of the policy and had a choice to take it out, the recommendation (if any was made) was suitable for her and better information was unlikely to have stopped her from taking out the policy. It follows that I don't support Miss C's complaint.

my final decision

For the reasons set out above, I don't uphold this complaint and make no award against The Royal Bank of Scotland Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 11 April 2016.

Andrew Macnamara
ombudsman